

## DOCUMENT RESUME

ED 111 078

95

EA 007 447

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TITLE Special Revenue Sharing in Support of the Public Social Services.  
INSTITUTION Urban Inst., Washington, D.C.  
SPONS AGENCY Social and Rehabilitation Service (DHEW), Washington, D.C.  
REPORT NO UI-963-16  
PUB DATE Aug 73  
NOTE 75p.  
AVAILABLE FROM Publications Office, The Urban Institute, 2100 M Street, N.W., Washington, D.C. 20037 (Order No. URI-52000, \$3.50)

EDRS PRICE MF-\$0.76 HC-\$3.32 Plus Postage  
DESCRIPTORS \*Federal Aid; Federal Programs; \*Federal State Relationship; \*Government Role; Objectives; Performance Specifications; Program Evaluation; \*Revenue Sharing; \*Social Services

## ABSTRACT

Special revenue sharing is a tool that can allow almost unlimited state flexibility in social service interventions, while primarily confining the federal role to the specification and measurement of national social service objectives. Goal specification and measurement procedures are crucial to the special revenue-sharing idea. Federally supported measurement organizations should be established in each state to develop indicators of goal achievement relevant to national social service goals. These indicators should be common to all states and should become the basis for sanctions against those states that, by comparison, perform badly. The federal role ought to be the enunciation of broad policy, the measurement of its achievement, and the development of sanctions for failures in achievement. The state-local role ought to include the specification and execution of interventions appropriate to national goals, with an absolute minimum of federal interference. Only when state and local achievement fall below satisfactory levels, as reflected by national indicators, should additional federal constraints be considered. (Author/JG)

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# SPECIAL REVENUE SHARING IN SUPPORT OF THE PUBLIC SOCIAL SERVICES

Melvin B. Mogulof

963-16    AUGUST 1973



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2100 M Street, N.W.  
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The research and studies forming the basis for this publication were conducted with financial support from the Social and Rehabilitation Service, Department of Health, Education and Welfare, Washington, D.C. The views expressed are those of the authors and do not necessarily represent the views of the sponsor of the research or of The Urban Institute.

UI 963-16  
ISBN 87766-103-0

REFER TO URI 52000 WHEN ORDERING

Available from:

Publications Office  
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4

List price: \$3.50

A/73/500

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## PREFACE

At a recent hearing, a number of witnesses complained that they lacked an understanding of the national goals for general revenue sharing. In a way the major goal of general revenue sharing is not to have any national goals--the shared revenue is to be relatively unrestricted in its use. This aspect of being without restriction is not true of the special revenue sharing concept. A major intent of special revenue sharing is the consolidation of grants, not the sharing of federal revenues on a no-strings basis.

Special and general revenue sharing came to public prominence at the same time, although to this point only general revenue sharing has been enacted into law. It is natural that even fairly sophisticated publics should be confused about the general and special concepts, with a tendency to assume that all revenue sharing involves the dropping of national policies as guides to local action. In small part, the following analysis attempts to distinguish between general and special revenue sharing and to note certain common aspects of the initial special revenue sharing proposals. However, the primary concern of this paper is in adapting the special revenue sharing concept to change the way federally raised dollars for the social services are transferred to the states.

Special revenue sharing for the social services has not yet become a legislative proposal. The confusion between general and special revenue sharing is added to by the fact that the general revenue sharing measure (the State and Local Financial Assistance Act of 1972) included the imposition of a fiscal ceiling on certain major categories of federal social

service expenditures. This fiscal ceiling and HEW's social service regulations of May 1973 promise to make relationships between the federal government and state-local deliverers of social service even more abrasive than has been the case. This paper's proposal for a social services special revenue sharing measure does not promise to end the abrasion. What it does offer is the possibility of shifting the focus of intergovernmental negotiation from how things are done to the current condition of those who are the object of the social services. As developed in this paper, the genius of special revenue sharing becomes its capacity to focus the federal government on nationally valued ends while state and local governments are given maximum flexibility in adopting means calculated to achieve them. In detailing an output orientation for the social services this paper concerns itself with the issues of measurement in a way not apparent in any of the other special revenue sharing proposals.

The test of the proposals set forth is whether they offer some better hope for dealing with the conditions for which the social services are intended. If so, can these proposals be refined, so that the changes which must surely be coming for the social services, will reflect a better intelligence than our current procedures and efforts?

The stimulus for these proposals came from Dr. Jerry Turem of The Urban Institute, whose critical comments have contributed importantly to the shaping of the paper's contents. Many staff members in the office of HEW's Region IX, and in HEW's central office, as well as members of California's Health and Welfare Agency, have contributed insights from their experience, which hopefully are reflected in the paper.

Chapter I  
A BRIEF SUMMARY OF CURRENT ISSUES IN THE PUBLIC SOCIAL SERVICES

We are a society with very powerful commitments to the value of work. As a concomitant, we have often been insensitive to, or at best ambiguous about, those without adequate work who need to sustain themselves through dependency on publicly provided resources. Our failure to realize a society in which adequately compensating work is available to all of those able to enter the labor market, and the accompanying failure of public expenditures (including expenditures for the social services) to decrease the number of those dependent upon public resources, has been the cause of much national concern and criticism. In the last decade, this criticism reached large proportions as the nation confronted rising levels of dependency upon public resources alongside relatively stable (and at times decreasing) rates of unemployment. The criticism was further fueled by the lack of knowledge as to whether the public social services were in any way effective in dealing with the rising levels of financial dependency.

Into this amalgam of a rise in public financial dependency and increasing expenditures for public social services to ameliorate and decrease this dependency (with questionable success) was added the dependent as a political activist on his own behalf. National wire service pictures of the Secretary of the Department of Health, Education and Welfare in confrontation with angry clients of the public social services came to symbolize that our national values favoring work and equal access to work were without meaning to many in our population. Perhaps the final touch was the declaration



before a congressional committee by New York City's chief social services officer that America's system of public welfare was "bankrupt."

Less spectacular than the proclaimed failure of the public welfare program is the lack of confidence that publicly supported social services, concerned with a variety of populations "at risk" (youth in trouble, the aged, children in need of protection, etc.), can achieve their intended goals. Thus, the publicly supported social services in their entirety, although most particularly those intended to deal with the condition of financial dependency, are objects of uncertainty and skepticism.

This paper is one effort among many, in and outside of government, to examine new ways of administering our social service resources. With the great public visibility attached to the passing of a general revenue sharing measure and the Nixon Administration's apparent intention to press for passage of special revenue sharing proposals, it is understandable that the implications of special revenue sharing for the public social services should be seriously considered. Special revenue sharing implies, among other things, much greater local flexibility in the administration of federally raised funds. Such flexibility would, in the words of William Page, Jr., one of the top officials of HEW, if applied to the social services, "relieve us of hassles and tensions which drain our energy and create adversarial relationships which erode cooperative federalism."

The prospect of a new mode of transferring federal social services resources is attractive because by compressing program categories and eliminating other national restraints on local decision making, special revenue sharing would contribute to an ending of intergovernmental "hassles and tensions." It would go to the center of the most pervasive current issue in the administration of the public social services, reported on by

Fernando de Baca, HEW's Region IX Director, as follows: "The problems caused by the existence of numerous, fragmented, and overly narrow program categories and restrictive guidelines were raised as a problem area more often than any other by the state, county, city and private secotrs . . ."(1)\*

Based upon the guidelines in the Administration's initial special revenue sharing proposals, as well as the experience in the relatively flexible block grants currently administered by the Law Enforcement Assistance Administration and the Administration on Aging (in its Title III program), it should not prove difficult to design a special revenue sharing proposal for the public social services which would avoid "narrow program categories and restrictive guidelines." But would such a special revenue sharing measure deal with the "bankruptcy" of the social services in public welfare, and with a general lack of certainty as to what is achieved with our other social services? This paper is based upon the assumption that the concern, the confusion, the "bankruptcy" of the public social services rests only in part on the current mode of administering federal resources for the social services. At least an equal part of the malaise rests in poorly articulated national objectives for our public social services and in our failure to know whether our current, publicly supported social service interventions help us to achieve goals which are of value to us as a society.

The ongoing issues in the public social services, as this paper defines them, are a compound of the "hassles and tensions" inherent in the current pattern of administering resources; the failure to clearly define the objectives for which these resources are expended; and the failure to understand the consequences of our publicly supported interventions. I would argue

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\*Ed Note: Numbers in parentheses indicate references listed at end of paper.

that the proponents of special revenue sharing for the social services must deal with all three of these issues. In doing so they would have to recognize that a national concern with the objectives of the social services, and the consequences of social service intervention, will create a whole new set of "hassles and tensions." This paper will argue that these tensions around the objectives and the consequences of the social services are appropriate, and ought to occur in our federal system, in place of the current abrasions over how things are done. A corollary of this argument is that a move to greater local flexibility in the administration of the public social services (i.e., special revenue sharing) without a parallel effort to better define objectives and assess achievements will leave the social services surrounded by the same confusions and doubts which bedevil them now.

Before sketching the outlines of a special revenue sharing proposal for the social services which would encompass the multiple concerns of goal definition, intervention assessment, and local administrative flexibility, some additional comment will be made about the character of current problems in each of these three areas.

#### GOAL DEFINITION

The Social and Rehabilitation Service (SRS) of HEW has defined its mission, in part, as enabling "America's vulnerable and handicapped people--those physically and mentally disabled, the aging, children and youth, and impoverished families--to move from dependency, alienation, and deprivation toward independence, constructive contribution to society, and realization of their individual potentials." The concepts of "vulnerable and handicapped" are similar to the British concept of populations "at risk" which underlies

their approach to the public social services.<sup>1</sup> These are good and useful concepts with close kinship to the national values favoring work cited earlier.

While the statement of the SRS mission makes clear its primary concern with those at risk, it becomes less useful as a set of objectives in helping to order and define social service intervention. Do we mean to provide public social services, without charge, to those physically and mentally disabled who have adequate personal resources? If not, what is the responsibility to provide some national scheme to aid the victims of physical and mental disability? Is our objective, social services for all children and youth (perhaps, by definition, an at risk population) or only those children and youth who have been formally labelled as being at risk (e.g., from poor families, picked up by the police, abandoned by their families, etc.)? Are we truly interested in "independence," "constructive contributions," "individual potential"--or are they "motherhood" notions which collapse in the face of limited resources and an overriding societal attachment to the value of work?

Without belaboring the matter further, it becomes clear that the nation does not have a set of goals for the social services at a level of specificity which can order interventions and which readily lend themselves to measurement. As a result, the social service objectives must be deduced from the

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1. "At risk" refers to the potential dangers to individuals in particular demographic categories and to individuals facing particular problems. The term also suggests the potential danger to the social order if the risks are not eliminated, reduced, or cushioned. The at risk status calls attention to the possible need for services which will assist the individual and society. The term and the concept thus seem peculiarly appropriate in connection with this discussion of social services.

continuing definitions by Congress of a series of problems, sometimes accompanied by a favored set of interventions to deal with those problems. The current administrative "hassles and tensions" arise from congressional and administrative policies which attempt to force local governments to deal with problems in a particular way. Of importance is that the abrasions between levels of government tend to occur around social service tactics, not goals. America does not often engage in great intergovernmental debates around what the goals for social services ought to be. Rather controversies arise over questions like the eligibility of a particular service for federal support or the waiver of "single state agency" requirements.

A recent publication from the Executive Office of the President on the Highlights of Revenue Sharing noted that "highly restricted forms of federal assistance have had a profound effect on the nature and structure of American government. This approach has produced a welter of specific narrow programs which are poorly coordinated and are often in conflict." (2) The allusion in this comment to problems of coordination is common to many appraisals of federally supported interventions. But how could it be otherwise when the focus of our federal administration, in the social services and elsewhere, is around the character of inputs (interventions) and not around goal achievement? With our concern for discrete program efforts, there ought to be no surprise if the result is a lack of coordination. There appear to be no common, accepted goals around which to coordinate.

Take family planning, one of the currently mandated services eligible for support under Title IV A of the Social Security Act. Is the goal zero population growth? Or the provision of more options for would-be mothers to realize their individual potential? Or the suppression of welfare costs?

Or all of these, or none of these? Is family planning, as a social service intervention, an efficient way of achieving the goals cited, or any other goals? And is family planning effective toward the achievement of any more broadly stated social goal? The likelihood is that we don't know. And even, as in the case of the Head Start program, where apparently good data were developed to suggest that the goal of more equal educational opportunity was not being achieved, supporters of the program then argued that other goals were being achieved that were not being measured by the evaluation.

It is a terrible game that is being played--one that is costly to all of the participants, and one which has directly led to our current sense of malaise about the effectiveness of the social services. Our goals are couched in the kind of generalities which are unable to inform action. The actions we take are not subject to measurement, and are not conceived of as leading to goals larger than the actions themselves. In effect, the instrument (family planning, day care, counseling, etc.) becomes the end, and our administrative energies go toward the preservation of instruments. In a sense, it is a remarkable performance by a society whose great technical achievements have come through the employment of the scientific method, where all action is potentially subject to test. We seem uninterested in viewing our social services as action probes which may or may not achieve desired states. Is it because we really don't know what these desired states are? Or is it evidence of a misguided professionalism, which develops a stake in a particular probe (e.g., Head Start) and pushes all of us (the Congress included) to see the probe as an end in itself?

ADMINISTRATIVE FLEXIBILITY

A local user of social security Title IV A funds, in a communication to an HEW regional director, noted, "HEW's ambivalence and ambiguity in the area of regulations have been an on-going source of frustration. We are still waiting for definitions of 'former' and 'potential' recipients, group eligibility, maintenance of effort, etc." (3) No one working at the federal level is insensitive to these accusations and complaints. In partial response, and particularly as applied to the social service entitlements of Title IV A, changes in administrative procedures had practically converted this major resource for social services into a block grant.

A study group headed by Dr. Genevieve Carter noted in a report for HEW, "The range of services as introduced in the 1962 amendments, and as expressed in the January 1971 code of federal regulations, is sufficiently broad to include almost any type of essential social service or welfare program." (4) This is not to imply that the administration of Title IV A money (prior to May 1973) proceeded without friction. Federal administration continued to hold on to certain requirements as a basis for distributing funds. At first, these requirements were pursued within a general context of trying to "loosen up." However, the May 1973 social service regulations represented in part an attempt to "tighten up" with regard to Title IV A funds, at least as far as states are concerned.<sup>2</sup>

The extent of the problems of those in our society who need help, coupled with the large amount of public funds being spent for them, moved

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2. Subsequent to the issuance of the May 1973 social service regulations, the Congress, in a somewhat extraordinary step, acted to delay the implementation pending additional review. (This delay does not alter the observations in this paper.)

Congress to impose a dollar limitation on money available for social services and the executive branch to issue new limitations on who may be served and how they may be served. This is evidence that Congress and the Administration are not prepared to give up control of both ends and means in the administration of the social services. However, the dollar limitation in the State and Local Financial Assistance Act of 1972 and the proposed new service limitations bring us no closer to knowing what we achieve with our social service resources.

Perhaps a specific example with regard to current problems in administering the vocational rehabilitation program will be useful in this preliminary to a proposal for social services revenue sharing. The bulk of federal funds for vocational rehabilitation have been transferred in a block grant pattern with the primary purpose of facilitating the employability and employment of those who are physically and mentally disabled. The vocational rehabilitation program has been favored with a relatively clear-cut goal that is consistent with national values about the importance of work. Relations between state and federal program administrators have been generally good--there was a feeling of being in a common enterprise with clearly defined and compatible roles. But then the clarity began to erode, with pulls in different directions. One force wanted to arrest the "skimming" process whereby rehabilitation funds were being concentrated on those who might be employed and divert more resources to upgrading the life skills of all the handicapped without imposing an employability test. From another direction came those who argued the need to use the sophisticated network of vocational rehabilitation services on those who were more severely disabled as well as on those disabled for reasons of class, race, etc.



As a result of these efforts to refocus and expand the goals of the rehabilitation program, it is reported that federal-local relations are no longer as agreeable as they once were assumed to be. The consensus on how to use vocational rehabilitation as an instrument appears to have partially broken down. The argument of this paper is that whatever tensions prevail around goals are good and useful tensions. Which categories of need should have the priority for federal dollars, and what appropriate indicators of success should be applied to the target populations, can be seen as proper subjects for federal specification. How to serve these populations then ought to be left to local choice, so long as the achievement of national rehabilitation goals is satisfactory.

These notions of federal goal specification (and refinement based upon continuing efforts at assessment), coupled with local determination of the character and structure of intervention, are the anchoring points to this paper's approach to special revenue sharing. These points are disarmingly simple. In practice, they are damnably difficult because there is a lack of consensus on proper goals for the social services, an inability to specify goals which are operationally useful and whose attainment is measurable, and a continuing deflection of federal focus on social service actions and away from goals. With these difficulties as a context, the remainder of this paper will construct a model of special revenue sharing for the public social services and argue its utility.

Chapter II  
THE POTENTIAL UTILITY OF SPECIAL REVENUE SHARING  
WITH REGARD TO THE PUBLIC SOCIAL SERVICES

This paper's argument favoring federal goal specification and local determination of means echoes former HEW Secretary Richardson's statement that, "Once areas of particular national interest have been identified and broad objectives established in the law, the states and localities should be encouraged to find their own means of achieving the stated national objectives." (5) The Advisory Commission on Intergovernmental Relations helps to support and to define Secretary Richardson's proposition by noting that the broad functional grant". . . is a very effective method for reconciling national policy objectives with state and local fiscal and program requirements." (6) A broad functional grant, allowing for national policy objectives and state-local choice of program means, is what this paper will consider as fitting the label of special revenue sharing. It is a definition which will be supported in a subsequent examination of the administration's initially proposed special revenue sharing grants.

The case for special revenue sharing in the social services is not built upon any misplaced notions about local government making "better" decisions than the federal government. Because of the great variations between states and between local governments, it is a certainty that some localities would do very badly with their new social service choice responsibilities. Observers of federal-local relationships in the social services have continuously noted that many of the difficulties in the relationship result from federal efforts

to insure more adequate local levels of protection or service for need populations. And it is equally worth noting that there are almost no occasions when the federal relaxation of protective standards for clients is supplanted by widespread state adoption of the same or similar standards. Much of our local legislation and action reflects a deep American bias that somehow to be "at risk" is to be "at fault," and that the faults must be punished (or at least not rewarded). At the federal level we have been far more protective of those at risk than the general response of individual states and localities. Even in our relationships to children, who might be considered the least "at fault," localities have been less than fully concerned. Robert Mulford has written, "No community in any state has developed a child protective program adequate to meet the service needs of children who are neglected, abused and exploited."(7)

The pessimistic picture with regard to the capacity and will of local government to aid those at risk is echoed in almost every interview with federal government officials. (Not surprisingly, it is the same kind of pessimism reflected by officials in sophisticated state governments about the local governments within their state.) But these same federal officials know that their relationships with state and local government have been made almost intolerable by the current demands of administering procedural requirements. It is as if there is a Gresham's law of administration, where a focus on means drives out a capacity to sustain a concern about goals. Special revenue sharing, to the extent to which it abandons its concern for means, can reinvigorate the federal-local relationship so that it deals with issues of much greater importance--namely, goal achievement.

This kind of focus on goal achievement in the social services would be particularly important, because so many of the problems dealt with have proved intractable to current modes of intervention. That being the case, at least one partner in the fiscal relationship, the federal government, must have the capacity to say periodically that national goals remain unmet, despite the attractiveness of our interventions.

Special revenue sharing conceived of as a broad functional grant for the social services would also enable new definitions of who is at risk, freed from the specificity of current program categories. If local governments were to be judged on their effectiveness in diminishing the size of populations at risk rather than on the efficient delivery of a service, there might be more willingness to extend social services to major institutions (education, the economy, etc.) for preventive purposes, rather than waiting for the client to be labelled at risk and driven into the social service network. In effect, placing all social service resources in an undifferentiated special revenue sharing grant would enable national policy makers to talk about the kinds of risks they want to prevent or diminish rather than the kinds of services they want to have delivered.

If a social services revenue sharing measure spelled out a set of goals that could influence action, and if the achievement of these goals was susceptible of being measured, it could also radically alter the way in which plans are prepared and used. In this connection, it is ironic to hear the formal obeisance given to the requirement for planning in the social service programs, followed by quick federal acknowledgement that much of what currently passes for planning is a disaster. While social services planning is largely paid for with federal funds, the content of these plans is not a

serious factor in the federal-state funding relationship. How can it be when there is no common agreement as to the goals of the social services, and no serious local consideration of a priority system for services?

A number of other special revenue sharing proposals, as currently conceived, would require the local preparation of a plan, but this plan would not be subject to federal approval prior to release of funds. Such a provision is totally consistent with this paper's formulation of national goal setting and local determination of means. How can the federal government approve or disapprove a plan when so little is known about what works? Locally determined means in the social services ought not be subject to a priori approval, but rather to an after-the-fact evaluation to determine whether their having been carried out was associated with forward (or backward) movement in regard to national objectives.<sup>3</sup> Based upon these assessments, planning might be able to take account of the relative effectiveness of alternative kinds of action.

If special revenue sharing were to eliminate prior federal approval of plans as a factor in the federal-local relationship, it would have an even more radical impact on other aspects of HEW's Social and Rehabilitation Service. Some cynics have commented that the federal bureaucracy would fight efforts at grant flexibility for fear that their power and even their jobs would be eroded. If there is this kind of potential Luddite rebellion in

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3. Whether the means, even if implemented, contribute to goal achievement is at the heart of the measurement problem. This issue is addressed in a later section. The difficulty in establishing whether certain means really cause change has contributed to the pervasive focus on means rather than goals in the social services. It is as if to say, "If we can't be sure that we impact the product, let us at least be sure that our processes are good and desirable in themselves." Thus, means become ends.

the SRS and other federal agencies, it may be largely misplaced. It is true that hundreds of tasks associated with federal grant management would come to an end under special revenue sharing, and in that regard certain kinds of federal jobs would evaporate. But special revenue sharing (unlike general revenue sharing as currently administered) would place great new federal emphasis on knowledge production, knowledge diffusion, and program evaluation. These would be skills and functions appropriate to a federal role in establishing objectives, as opposed to the current preoccupation in second-guessing local administration. In the total picture, there would be a change of functions rather than a loss of jobs, and the new jobs would probably carry greater potency than the old ones. These issues will be dealt with in greater detail in a later section.

In arguing the potential utility of special revenue sharing for the public social services, there is at least one major dilemma. The sponsors of certain social services have become so accustomed to thinking of them as good in themselves (in effect, as goals) that it may be politically impossible to abandon them.<sup>4</sup> If almost all social services are conceived of as helping people, and thus as "good," how shall we distinguish between them? But in a world of limited resources we can only settle for the most "powerful" social services--those which empirically appear to be related to a reduction in the population at risk, or in the risks faced by some populations. But this rational argument entails a basic dilemma--we will continue to be

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4. For example, in the education special revenue sharing proposal, there are really embodied five different education categories. The same price of creating permanent subcategories, with consequent losses of flexibility in local operating integrity, would be an unfortunate one to have to pay in the social services.

hardpressed to know whether our social service interventions are in fact related to risk reduction. Without this knowledge of what is effective, we will remain confronted by efforts to sustain those actions perceived as good in themselves when supported by an effective constituency.

Those in HEW's SRS (and throughout all levels of government) concerned with the quality of social services and with their capacity to reduce urgent social problems need to be willing to take some chances. Special revenue sharing is such a chance. This discussion of its potential utility offers no promise that a federal focus on goal achievement is a panacea for what troubles us in the social services. The tasks of specifying appropriate national goals for the social services and developing procedures to measure their achievement are formidable ones. They are filled with uncertainty, but this is offset by the opportunity of getting the federal government out of the intolerable situation of managing local action and into the role of formulating national policy goals.

If goal setting and the measurement of goal achievement are both viewed as crucial steps in constructing a special revenue sharing measure in the social services, there are other steps as well. Some of these are best specified within the context of special revenue sharing measures already proposed by the Administration in other functional areas. The next section examines nine commonalities in these other measures, and suggests that they be incorporated in a social services measure. Some points of difference are also described.

Chapter III  
OTHER SPECIAL REVENUE SHARING PROPOSALS AS A CONTEXT FOR  
REORGANIZING FEDERAL SUPPORT OF THE SOCIAL SERVICES

The administration's six initial special revenue sharing proposals of 1971-72 all are rooted in the common purposes of retaining a national interest in a particular area of action, while seeking to maximize local administrative flexibility with respect to expending the "shared" federal funds.<sup>5</sup> Special revenue sharing stakes out these basic twin purposes as a middle ground between general revenue sharing (which surrenders national interest in any particular area of action) and categorical grants (which seek to hold on to national interests through specifying the character of permissible local actions).

There are other criteria of the six special revenue sharing proposals, which because of their common appearance, might be considered fundamental to the concept. These are indicated in the paragraph headings which follow, and then are commented upon.

a. Contribution to strengthening state and local general purpose governments. Unlike certain categorical grants, and even some formula grants, the proposals for special revenue sharing are not addressed to particular functionally-oriented departments, nor are private sector agencies

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5. The six special revenue sharing proposals were in the areas of manpower, transportation, urban community development, education, rural community development, and law enforcement. Additional comparative materials may be found in the report by the Advisory Commission on Intergovernmental Relations, Special Revenue Sharing: An Analysis of the Administration's Grant Consolidation Proposals, Washington, D.C., December 1971.



eligible for direct receipt of these funds. The addressee for specially shared revenue is general purpose government at the state and local level. The one exception is in the education proposal where it is expected that the state would pass funds directly to "local educational agencies." The rationale for this exception is understandable, since school districts are often separate, free-standing units of local governance. Nevertheless, this could be interpreted as a significant departure from the principle of strengthening local general purpose government.

b. Adherence to civil rights and fair labor standards. All six proposed acts consider the revenue to be shared as subject to Title VI of the Civil Rights Act of 1964 and to the labor standards set forth in the Davis-Bacon Act, as amended. These stipulations are important, for in effect they place severe limits on local administrative flexibility. They do it, not by building in new administrative controls, but by specifying that existing national policy is to be operative in the expenditure of these funds. In effect, the courts rather than an administrative agency are charged with holding to certain national policies.

c. Hold harmless. For political purposes, if not for purposes of equity, each local and state government is assured that it will initially receive no less than is currently transferred under existing grant programs which are to be consolidated into the specially shared revenue program. Hence, the concept of "hold Harmless." In a sense, it is a reward for past skill and aggressiveness in using federal funds.<sup>6</sup>

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6. The failure to include a "hold harmless" provision in the general revenue sharing measure, which also established a ceiling on certain social service expenditures, may have serious consequences for the services in places like New York State because of sharp decreases in available funds. It may also force a new concern by states with the effectiveness of intervention as a criterion for support from a diminished sum of money.

d. Provision of discretionary funds for the federal administrator.

This uniform provision often specifies the federal interest in research and development activities. This is an important precedent for the social services. Current social services technology is so inadequate that the need for sizeable research and development funds is crucial.

e. Funds are provided without the requirement of a local match. This radical departure from current practice is embraced in every one of the six initial revenue sharing proposals. It would be equally radical with regard to the social services. A rationale for the dropping of local matching requirements is that they tended to deflect local expenditures into areas where federal funds were available (which was of course the congressional intent). However, the best reason for dropping these requirements is to eliminate local manipulation, and federal complicity, around the provision of the local match. Moreover, the fact that specially shared revenue would all be federal funds underlines the national stake in these programs and the appropriateness of establishing national goals.

f. Planning is required, but not as a condition for receipt of shared revenue. Consistent with the desire for local flexibility in the administration of shared revenues, and in recognition of the current misuse (or nonuse) of planning in the federal-local relationship, federal administration would not be involved in the approval of state or local plans.<sup>7</sup> As anticipated

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7. An Executive Office of the President information pamphlet on Law Enforcement Revenue Sharing indicates some very different conceptions with regard to the use of a state plan. The pamphlet notes, "Of course, legal sanctions are available if the state ignores LEAA comments on a state plan." (8) The implication is clear that, at least in law enforcement revenue sharing, federal administrators might be involved in the same kinds of "hassles and tensions" which currently characterize federal-local relationships.

in these special revenue sharing measures, planning would be for the purpose of informing local publics of proposed action. Given this paper's focus on goal definition and assessment, the existence of a state/locally developed plan for the social services would be particularly useful at the time of assessment. The plan would presumably establish the hoped for connection between intervention and successful goal achievement. In turn, assessment would be a requisite to plan revision.

g. Funds are shared according to formulae which take different state and local needs into account. This is a particularly useful point of guidance to revenue sharing in the social services. It preserves the role of the federal government as a redistributor of resources with the numbers of needy persons and the severity of their problems serving as a basis for allocating social service funds. But what is most important in supporting a goal orientation for the social services is that a revenue sharing formula based on the presence of populations at risk would provide the most resources to those governments which potentially face the largest sized tasks in achieving national goals.

h. Reports are required from local recipients of shared revenue to the federal administrator with an annual report from the administrator to the President and the Congress. All of the initial special revenue sharing proposals stipulate the provision of reports, but none offer any detail as to what the content of these reports might be. If the establishment of national goals for the social services were a part of special revenue sharing legislation, it could be expected that these reports would have to deal with the current character of goal achievement.

i. No requirement for federal approval prior to release of funds. Within the context of an allocation formula, states and localities are

entitled to their shared revenue. No process of federal-local negotiation, marked by federal attempts to influence the character of local actions is anticipated. Whether this non-negotiated formula approach to revenue transfer would be sustained beyond the first year of funding, and particularly if there is evidence that national objectives are not being achieved, is a moot point in the special revenue sharing proposals.

The above nine provisions form the core of what is common to the six initial special revenue sharing proposals. And they ought to be considered as integral to any proposal for special revenue sharing in the social services. However, there is no automatic requirement anywhere for their inclusion--there is not yet a rigidity or an ideology about what special revenue sharing needs to be, apart from the good sense in former HEW Secretary's Richardson's statement that "states and localities should be encouraged to find their own means of achieving the stated national objectives."

All of the above commonalities contribute either to the establishment of national objectives or to making more flexible local pursuit of these objectives. As a result, needless tensions in the federal-local relationships could be eliminated. What should not be eliminated in a social services proposal are the requirements (and the necessary tensions) which flow from the imposition of national objectives and a system for evaluating their achievement. The stipulation of adherence to civil rights and fair labor standard requirements are such national objectives and can lead to inter-governmental tensions. So can allocation systems based upon need, and so can the requirement for an annual report if the reports are used by federal administrators to test local success in light of national objectives.

If these nine commonalities provide certain useful constraints in the development of a social services proposal, there are also differences in the

existing six proposals which might be seen as offering a precedent for flexibility. These differences delineate areas where developers of social services revenue sharing legislation could feel free to heed the uniqueness and the imperatives dictated by the character of their field of interest.

Some of these differences between the six proposals are surprising in that they seem to run counter to the emerging image of special revenue sharing. For example, special revenue sharing is presumed to consolidate federal support within a particular functional area and give local governments maximum flexibility for program choice within that consolidation. However, special revenue sharing in education stops far short of complete consolidation. It is essentially five different packages of revenue, all related to education, with the provision that federal approval is needed to transfer more than 30 percent of the funds earmarked for one area to another. Special revenue sharing in transportation similarly earmarks funds into "general transportation" and "mass transit capital investment." In law enforcement, the proposed federal legislation calls for special emphasis in high crime areas. Based upon these examples, social services legislation could, without breaking any precedents, earmark separate resources by category of risk (e.g., aged, physically handicapped, etc.) or by state of dependency (e.g., currently in receipt of financial assistance, in danger of becoming publicly dependent, etc.).

Another difference is the education proposal's call for a local maintenance of effort. The specific language in the proposed legislation reads, "The services provided in each of the schools. . . with funds other than funds received under this act. . . must be comparable with the services so provided in all of the other schools of such local educational agency."(9)

The implications for the social services are important in that there are large sums of local monies currently matching federal funds for social services. Given the unpopularity of certain social services, and certain client groups, the temptation would be great to decrease local social service investment if there were no maintenance of effort provision.

This brief summary of the commonalities, and some differences, in the six initial revenue sharing proposals indicates a certain emerging integrity about the concept of special revenue sharing. The six proposals evidence a persistent desire to eliminate many of the restrictive guidelines which have troubled federal-local relationships. And the proposals indicate an equally persistent willingness to impose certain constraints on localities and states so that national objectives can be pursued. The one area of troubling silence in all of these proposals is a failure to discuss any means which will make known whether national objectives are being met.

The avoidance of the assessment issue in these proposals is an understandable one. It might make the legislation too vulnerable to critics, and it would raise the specter of new and perhaps more difficult tensions in federal-local relationships. But the issue cannot be avoided in the social services. The hoped for escape from federal specification of kinds of social service intervention should not be paralleled by an escape from the responsibility to establish national objectives for the social services. The establishment of national objectives is at the heart of the special revenue sharing idea, but the corollary--a system for assessing the achievement of those objectives--has not yet been accorded equal importance. The following pages, detailing an approach to special revenue sharing for the public social services, will seek to deal with this issue of assessment within the context of nationally established goals.

Chapter IV  
A SPECIAL REVENUE SHARING PROPOSAL FOR THE PUBLIC SOCIAL SERVICES

GOALS FOR THE SOCIAL SERVICES

Jerry Turem, in an Urban Institute working paper, seeking to develop a goal structure for the Social and Rehabilitation Service, has written, "So long as the outputs are definable, the inputs should be those necessary to efficiently achieve them with no a priori preferences for what the input should be." (10) Translated into special revenue sharing terms, Turem makes the case that if the national government knows what the objectives of the social services are, then it can be left to local government to determine the choices for achieving them. But Martin Rein is not very sanguine about our ability to know these objectives. He writes, ". . . agreement of purposes is indeed the most elusive and intractable issue in the social services . . . . It is doubtful, if we can, in fact, develop principles for organizing our fragmented and incoherent services." (11)

If we cannot develop principles for organizing services and if we cannot agree on purposes for the social services, then what we are left with are a series of processes, each of which has its advocates, and each of which begs for support as an end in itself. Thus the case for family planning, day care, Head Start, Meals on Wheels, etc. Without principles for services we will revert to program categorization and a worship of means, whether supported at the federal or state or local level, all accompanied by the usual flow of rhetoric about the indispensability of the input.

This paper cannot solve the detail problems in developing a goal orientation for the public social services. But if a national Administration is serious about special revenue sharing for the social services, then it must be prepared to influence the writing of the legislation so that it addresses national objectives, not merely social service processes. These objectives must be reasonably specific, they must lend themselves to measurement, they must offer some likelihood of informing the organization of the social services, and they must be important.

If the concern of the public social services are populations at risk, then national objectives must be designed which specify these risks, and measures must be devised to indicate the size of the populations remaining at risk. One clear and current measure of the latter are all of those individuals and families who are dependent upon public financial assistance, or who would be eligible if they chose to apply, or whose incomes are currently so low that they appear in danger of becoming eligible for public assistance.

Along with fiscal dependency, there are other primary risk situations which the social services are currently addressed to. The paper has already suggested that the sheer status of "child" or "youth" may define a risk situation. In the same way, the status of "aged" or "handicapped" may be equally indicative of risk. It is not within the province of this paper to define populations which are currently considered to be at risk. The process is essentially a political one. The selection of risks takes place from within a large field. Technicians can suggest which risks are most at odds with the professed values of the society or most threatening to the continuity of the society, or even those which are most amenable to currently available interventions. Once the risks to be addressed are selected via the political process, it still remains for the technicians to devise measures of whether



populations at risk are being diminished, and to assess the interventions which contribute to that diminution.

When this paper talks of goals for the social services under special revenue sharing, it refers to the combined product of the above political and technical acts. A goal embraces a particular population at risk coupled with a specified direction toward which national policy desires to move that population. If the selection of needy populations is a political task, and the measurement of movement among these populations is a technical one, there remains the problem of specifying appropriate objectives for these populations which can help to structure the delivery of the social services. For example, specifying those in poverty or near poverty as a priority for social services intervention is important, specific and measurable, but nevertheless does not meet the test of being able to inform action. It is likely that one could do or not do almost anything labelled as a social service, and the impact upon poverty would be nonexistent or at least not measurable. The next step becomes the translation of the termination of poverty into an objective which can be expected to be more logically amenable to social services intervention. For example, the poverty objective might be refined to the objective of reducing the birth rate of families in poverty or near poverty. The argument would be impeccable--the notion of "generational poverty" is measurable, and if you reduce the birth rates of poor people there will be fewer poor people at the time of next measurement. All of this lends itself to a much favored intervention--family planning--except that, when the objective of terminating poverty is couched in terms of reducing the size of families in poverty, there are likely to be reactions of "black genocide," etc.

The above exercise ought to illuminate why we find it so hard to move our objectives in the social services to lower levels of abstraction. The more specific the objective, the more likely is our consensus to vanish, and the less likely is the objective to be publicly adopted. I do not think this state of events is currently a problem. What is desperately needed now in the social services is to shift the focus from hoary inputs like homemakers, and Head Start, to measurable and important goals like the reduction of those in poverty and near poverty. For the next few years, let the social services continue to flounder while national policy leadership changes its orientation from processes to goals. Then, as a second step, we will need to be able to concern ourselves with further refining our desired goals so they may be better linked to particular social service interventions.

This discussion of goals for the social services under special revenue sharing leaves many questions unanswered. Most are unanswerable because we have simply not learned to differentiate the social services, as means, from valued national ends. The great attraction of special revenue sharing in the social services is that it can force national policy makers to be lean and tough about the populations they think the social services are useful for. The national legislative task is to say who these populations are and the state-local role is to use social services as probes toward diminishing the risks of these populations. Whether this achievement takes place, and whether the social services have anything to do with it, ought to be a subject for empiricism rather than rhetoric. Around this focus on empiricism, special revenue sharing may lead to an entirely different set of intergovernmental relations with regard to the social services.

TO CATEGORIZE OR NOT

By implication, and now explicitly, this paper opts for an almost total decategorization of federal grants in the social services. In doing so, the recommendations run counter to the advice of the closest students of inter-governmental fiscal transfers. Walter Heller writes that, "Categorical grants-in-aid for operations at the state-local level involving significant spillover effects and hence a national interest" should remain. (12) Selma Mushkin and associates note that ". . . grants intended to foster a new attack on specific problems not hitherto dealt with by the states and localities must be targeted; otherwise they become nothing more than general support aids." (13) Similarly, George Break writes, "To substitute consolidated grants for all existing programs. . . would result in suboptimal support for all state-local programs with important benefit spillouts." (14)

The fears of Heller, Mushkin, Break and others are undoubtedly well placed. A totally consolidated approach to the social services could result in the dropping or downgrading of social services valued by particular interest groups, or conversely, the dropping of certain services which have aroused some local opposition (e.g., family planning, child care). And given an economically rational model of state-local decision making with regard to support of the social services, some problems characterized by greater spillover will be dealt with less well than in the past. (For example, services to migrant labor might be curtailed, although to counteract this, migrants might be specified as a risk population). But these are chances that ought to be taken. I would argue that there is direct relationship between federal abandonment of means specification and federal capacity to focus on the achievement of national goals. The core idea of

special revenue sharing, as presented in this paper, is that federal policy must let go of controlling inputs so that it can focus on the achievement of national policy. Total decategorization of the social services is the best initial step toward that kind of federal-local relationship.

If total decategorization is adopted, there are three possibilities which may lead to recategorization: (1) A national consensus will reemerge around a particular intervention, so that the Congress, by formal act, will be moved to categorize the intervention legislatively and thus transform it from means to end. For example, Head Start or family planning may have this kind of legislative support. In effect, special revenue sharing (involving radical decategorization) may be a legislative device by which we sweep away the results of previous special program efforts, while allowing the process to start again, brand-new. (2) The use of research and development monies by the federal administrator may prove with great certainty that a particular intervention is a very powerful force for diminishing a particular category of risk. Presumably the results of this research and development effort would be diffused to all state and local programs. But it would be likely that, if local adoption were not broad enough, the adoption would be mandated by categorical legislation. (In a sense, the imposed standards in all proposed special revenue sharing of Title VI of the Civil Rights Act and the Davis-Bacon Act fit this model of categorization). (3) If there is an effective program of measurement under special revenue sharing, we may assume that some states and localities will show up very badly to the point where some federal sanctions would need to be invoked. If we are talking about the achievement of important national goals, with spillover consequences, then the last sanction we would want to use would be the withdrawal of funds.

Instead, the badly achieving state or locality might have program categorization reimposed on it. Ineffective local use of flexible funds could lead to a decrease in their flexibility and hence to some form of categorization. (More is written about this later.)

If the principle is to be radical decategorization, what then is to be consolidated in a social services shared revenue proposal? It is my recommendation that this include all HEW activities aimed at populations at risk which are not currently carried out under the headings of Health, Education, and Assistance Payments. This would include all nonschool efforts in the Office of Child Development, all vocational rehabilitation programs, all protective programs for children and youth, and all programs currently administered under Community Services. All of the monies for these programs would be expected to become available to states (under a formula allocation) and transformed into social services efforts chosen by the states and localities.

Despite the elimination of a mandate for certain service programs, this approach to consolidation should initially cause no major local dislocations--unless state-local government opts for change as a result of selecting new service priorities by which to better meet national objectives. For example, such change might occur through the elimination of programs currently supported by monies available from the Office of Child Development (OCD).

If monies now in OCD were unconstrained by category, and were viewed in terms of their utility for achieving national social service objectives, it is possible that states and localities would take a new look at available data questioning the effectiveness of the Head Start program and contemplate new priorities for the expenditure of social services shared revenue. But the most radical consequences would occur for those current clients of the

social services who would have a poor fit to a national risk profile, in that they might cease receiving public supported social services. Again, my assumption is that when states and local governments are given a set of national objectives against which their actions will be measured they will seek to limit scarce resources to those who have been selected nationally as risk populations. Because of this potential upheaval in social service patterns, consideration ought to be given to encouraging fee-for-service arrangements in public social services (as currently exists in some vocational rehabilitation and other programs). In that way, needed services could continue to be available to the entire community and the social services would have a mix of clients of differing economic backgrounds. Hopefully, a move to fee-for-service in the states and localities would be accompanied by a national effort to legislate a comprehensive "insurance" scheme so that all those in need of social services (no matter what the cause, or the financial status of those in need) would be enabled to buy an adequate range of services in public agencies or on the open market.

The approach to decategorization sketched above is neither more nor less than implied in the developing idea of special revenue sharing. If, in the social services, we are to be goal oriented nationally, and to deliver to states and localities the flexibility promised by special revenue sharing, there is no alternative but in the direction of radical decategorization. In place of categories, the federal government would become supportive of measurable goals related to populations of greatest need.

Amidst this radical decategorization, one major category would remain, as it does in almost all other special revenue sharing proposals. That would be a sizeable sum of money, earmarked for the federal administrator,

to be expended on research, development and knowledge diffusion. When localities are denied the crutch of federal support for specific categories, they may become much more sophisticated buyers of knowledge about which interventions work. At that point, federally supported research and development had better have some tested and effective program ideas to "sell." In effect, program categories for the social services could be locally chosen, not because earmarked federal money is available, but because there is evidence that the particular categories are conducive to achieving goals which are valued both nationally and locally.

#### FEDERAL CONSTRAINTS

The previous section has recommended that the logical imperatives of special revenue sharing be followed by opting for radical decategorization of program requirements at the federal level. In effect, if special revenue sharing promises maximum flexibility of state and local action, that promise ought to be realized. But special revenue sharing, as enunciated by President Nixon, rests upon the federal government's establishing "the broad purposes of authorized spending."<sup>(15)</sup> This paper has extended this principle to argue that not only must the federal government establish national purposes, but it must know whether these purposes are being achieved, and it must be prepared to deliver certain sanctions when faced with non-achievement by states. If these extensions of the special revenue sharing idea are accepted, then it becomes clear that the federal interest in setting out national purposes, assessing them, and delivering sanctions based upon these assessments potentially constrains against the other major special revenue sharing objective of maximum local flexibility. Thus the framers of

special revenue sharing in the social services must deal with the likelihood that the two major objectives, of maximum local flexibility and the national specification of policy, will at times seem irreconcilable. To run away from either of these two objectives, when faced with this possible irreconcilability, is to abandon the idea of special revenue sharing and with it the promise that we can finally begin to deal with policy in the social services as opposed to the current debilitating focus on program. Moynihan notes this distinction when he writes, ". . . the structure of American government, and the pragmatic tradition of American politics, has too much defined public policy in forms of program, and in consequence has inhibited the development of true policy."(16)

A great problem for those interested in special revenue sharing legislation is that the idea of federal specification of purpose or policy is a poorly understood part of the approach. There is a tendency to sell the special revenue sharing idea on the basis of the flexibility it will bring to local administration of federal funds rather than on its invigoration of national policy making.<sup>8</sup> The national policy function cannot be abandoned in social services revenue sharing because the problems which plague us in this area are truly national. Arthur Naftalin, former mayor of Minneapolis, at a conference devoted to revenue sharing captured this need for national policy as the context for local action: "The only solution we have is to insist upon national attention to national problems--problems of wealth distribution,

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8. The fact that none of the initially proposed special revenue sharing proposals talked about measuring the achievement of national purposes can be interpreted to mean a lack of seriousness (or else political prudence) about national policy making as a central idea in special revenue sharing.



of education, of the social condition of the people, of drugs, crime, delinquency, and all that goes into that. . . . Nothing is going to happen at the municipal level until the states enable the cities to move, and the states aren't going to move until they move within the framework of a national commitment."(17)

What constraints shall special revenue sharing in the social services impose upon state and local government? Based upon the above argument, the answer is clear--only those constraints necessary to realize national policy.<sup>9</sup> The first necessary constraint becomes the one of specifying objectives for the social services which are important, specific, capable of informing action, and measurable. The second constraint must be language in the legislation which sets out expectations for the federal and state-local governments with regard to the measurement of achievement. These measurement expectations ought to consider the following ideas: (a) There ought to be no federal constraints, early on, about requirements for measuring social service inputs at the state and local level. If such measurement is undertaken, it should be because state and local government regard it as a useful tool for the management of program efforts. Consistent with all of the arguments in this paper, the federal interest in the social services is not in what is done, but in the current state of populations at risk. (b) The federal government, in consultation with each state government, ought to support the establishment of an independent organization with the capability

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9. What constraints are "necessary" will be defined differently at different points in time. At the start of special revenue sharing, the imposition of any constraints (apart from goal specification and measurement) ought to be pursued very cautiously. It is likely, that as the program develops, and particular "risk" situations persist, or new knowledge about what works is gained, new national constraints will be considered.

of measuring the character of certain social indicators which are clearly and directly related to national objectives for the social services. This would require that the same social indicators be used nationally while measurement would take place state by state. The measurement organization should be based in each of the states so that the development of knowledge is most accessible to the state's management of the social services. In addition, this measurement organization, in cooperation with state and local government, should constantly focus on those social service interventions which appear to be the most powerful in explaining the state of a social indicator. Thus the measurement organization, as part of a national effort, is primarily interested in the current state of risk among nationally defined populations; it is secondarily interested in those actions which may help to explain the diminution of risk among these populations. (c) When goal achievement within a particular state falls more than X percent below the mean achievement of the goal in all of the states (or any other agreed upon measure), a sanction process ought to take effect. As a first step in a low achieving state, a working conference should be called, composed of federal, state and local officials, representatives of the measurement organization, national legislators, and citizens' representatives. This working conference should have the option of recommending to the federal government that the following kinds of sanctions be applied to the state:

1. A move to program categorization, so that those social service interventions which are known to be the most effective will be used in the state.

2. The availability of additional resources to better help the state cope with peculiar local conditions which seem to have impaired social service goal achievement.

3. The recommendation of new federal and/or state legislation to deal with inhibiting factors peculiar to the state.

4. The recommendation of any additional federal constraints which, subject to measurement, could be expected to aid in national goal achievement.

This recommended set of constraints has a basic intent, which is consistent with (and integral to) the ideas of special revenue sharing. It intends to make clear that the federal interest is in what is achieved, not how it is achieved. It makes clear that there will be a federally supported, state based, independent measurement capacity whose primary focus will be the current state of national policy achievement as reflected in the condition of those defined at risk.<sup>10</sup> And it makes clear that relative failures in goal achievement will be followed by a set of sanctions whose purpose will not be punitive, but aimed at helping the state to better achieve established national purposes for all its citizenry who are defined at risk.

It should be noted that the above constraint system poses no problems at all for those states where national social services policy is being realized. Again we have a management characteristic which is peculiar to special revenue sharing--the more apparently competent state and local governments are in achieving national objectives, the more flexibility they will enjoy in the expenditure of federal resources. But it does not follow that program and managerial constraints ought to be "piled on" to states where objectives are not being satisfactorily achieved. The reasons for poor achievement may be determined to rest in facts which have nothing to

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10. Of course, there is no reason why this measurement capacity could not be broadened to include objectives in other special revenue sharing measures.

do with the state's management of its social service resources--e.g., high rates of unemployment, natural disasters, etc. Thus program and managerial constraints ought never to be imposed pro forma in response to relatively poor state achievement. In many situations, the most appropriate response in a low achieving state might be additional resources and continued managerial flexibility.

Other constraints could be argued for in this paper. A comparison of the six special revenue sharing proposals indicates no reticence to impose constraints when national policy is assumed to be at stake. However, I would recommend that the social services be left minimally encumbered with specifications and constraints except with regard to nationally defined categories of people in need of help and the measurement of movement within these categories. The reasons are twofold: first, we really know very little about what works in the social services, and second and more importantly, special revenue sharing in the social services must make the point with great clarity that the interest is in the measurement of ends, not the constraining of means.

#### ALLOCATION PROCEDURES

Certain concepts of intergovernmental fiscal relationship seem on their way to becoming dogma in circles dealing with special revenue sharing. For example, all of the special revenue sharing proposals are based upon formula allocations as opposed to any system where skill or aggressiveness by state and local government results in a larger share of federal funds. This has the obvious advantage of avoiding an approval process, with all of the attendant "hassles and tensions" which currently characterize the grant

relationship. The disadvantage, as viewed by some, is that the federal government would no longer be able to insist upon certain local actions as the price for receiving funds.<sup>11</sup> This disadvantage, if it is one, need only exist the first time around. Second and succeeding year formula allocations could be based upon the character of state-local achievement of national purposes. Thus, as proposed in this paper, states experiencing problems in goal achievement might no longer be eligible for formula allocations as a result of the sanctions process described in the previous section.

The great attraction of a formula allocation process, subject to change based upon state-local experience in goal achievement, is that it eliminates a priori federal requirements for state-local action that have no basis in actual experience. It does not eliminate the potential for future requirements for action if the state-local experience proves unsatisfactory.

The elimination of the requirement for state and local governments to provide matching funds to federal resources is common to all of the six special revenue sharing bills. While a formula allocation seems integral to the special revenue sharing idea, the elimination of state-local resource matching seems to be a feature borrowed inappropriately from general revenue sharing legislation. Inherent in special revenue sharing is the idea that national well-being mandates the expenditure of certain funds within a broad functional area. Isn't that idea advanced by also requiring a certain level of local resources committed to the function (or the problem)? Rather than press the point that the requirement of local matching in support

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11. Many employees, of both the local and federal governments, know how much has happened at the local level because an administrator was able to go to a local policy body and plead for change because "the feds are forcing us to do this in order to get the money."

of the social services would be useful and consistent with special revenue sharing, I would propose to achieve a like result by requiring a "maintenance of effort" similar to that described earlier in connection with the education special revenue sharing proposal. The proposed requirement would seek to insure that federally shared revenues for social services are not available to those state and local governments which do not sustain their prior level of support for the public social services. In developing their first-year plan for the social services, states should be asked to inventory all state and local funds currently expended in the social services, and to indicate that a like amount (on an aggregate basis) will be expended in the services contemplated by the plan. In effect, the requirement would be for a gross maintenance of effort in the social services for a particular state.<sup>12</sup> States and localities should be encouraged in this by explicitly permitting general revenue sharing funds to be used toward maintenance of effort in the social services.

The various special revenue sharing proposals devote a great deal of legislative language to the basis for formula allocations. In almost all cases an assumption as to local need for the shared revenue becomes the basis for the formula allocation. The procedure is logical, and would be especially so in the case of providing support for social services directed to populations at risk. A formula would need to be constructed which directed money to states based on the incidence and prevalence of needy persons as defined by the national goals for special revenue sharing in the social service.

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11. Whether state-local effort is in fact maintained ought not be the subject for prior negotiation. Presumably, federal audit of expenditures would, as a matter of course, concern itself with whether the maintenance of effort requirement was met.

HEW, unlike most other federal agencies concerned with problems of social development and urban issues, has had its basic relationship to state government. There is no overriding reason why this relationship should be initially altered under special revenue sharing. A universal requirement for states to pass a fixed percentage of social service monies through to localities would play havoc with those states which themselves operate social services on a decentralized basis, as opposed to having these services delivered by local government. If the state is to be held accountable for achieving national social service goals, then the state must receive maximum flexibility in administering these shared revenues. And this flexibility must rest in the hands of the governor rather than a priori being allocated to a "single state agency." If the state's achievement with regard to social service goals is relatively poor, there would be ample opportunity to constrain future state actions in the distribution of social service funds within the state.

There is at least one serious problem inherent in the above reliance on the state as the primary fiscal agent for social services shared revenue. It is likely that a state's overall record of achievement would mask a number of localities which fared badly with regard to national goals. Presumably, this uneven achievement would result from special factors which prevailed in particular communities. And hopefully, the most sophisticated and competent states would seek to extend special assistance to such communities. However, in some small number of cases, uneven goal achievement could be the result of an inequitable distribution of shared social service resources within the state. One way to obviate this problem is to require that, if states distribute monies to local general purpose governments, they

do it on the basis of greatest local need. That is, states could be required to use the same resource distribution formula with local governments as the federal government uses with the state. Such a requirement to concentrate social service resources would be consistent with efforts in other special revenue sharing proposals. However, this kind of fiscal constraint on state allocation authority detracts from the promised flexibility of special revenue sharing and prematurely constrains state administration before there is evidence that a state is having problems in goal achievement. The prospect of having its achievements measured and compared to other states ought to be sufficient stimulus to a state administration to treat all of its localities equitably. Special revenue sharing legislation for the social services could always be revised if this often turned out not to be the case.

A fiscal allocation procedure for the social services ought to begin with an optimum approach which protects as much administrative flexibility for state government as possible. A formula grant to the chief executive of a state based upon the incidence and prevalence of at risk populations, with a requirement that prior levels of state and local support for the social services be sustained, would appear to be such an optimally flexible approach. Only evidence that states were not achieving national social service goals should become the impetus for compromising the flexibility promised by special revenue sharing.

#### PLANNING, EVALUATION AND SANCTIONS

In a somewhat surprising way the presentation of a plan becomes much less important in the federal-state-local relationship under special revenue sharing. This is in contradistinction to current practice where federal



requirements often stipulate the preparation of plans, and the content of these plans become the subject of much federal-local negotiation (and of course, the attendant "hassles and tensions"). It is not that planning, as a problem solving process, is less important or less useful under special revenue sharing. It is simply that a plan is not important as an item for discussion and approval in the federal-state-local relationship prior to state receipt of a formula-based social services allocation. The reasons for this are twofold. One is that the requirement for maximum local flexibility to pursue nationally stated social service objectives demands that almost nothing stand in the way of the state's initial receipt of its formula allocation. It would be inconsistent with this requirement of flexibility to involve the federal administrator in review and approval prior to an initial transfer of funds to the state.

The second reason for not requiring plan review and approval by the federal administrator rests in the nature of the planning process itself. Planning may involve specification of goals; the stipulation and choice of alternate ways of achieving those goals; the provision for assessment to determine whether the goals were in fact achieved; and with the knowledge gained from assessment, the start of a new planning cycle. Under special revenue sharing for the social services as envisaged in this paper, the goals for the social services would be broadly established in the legislation, and the selection of means would be a local choice without prior federal influence. If the federal role of specifying broad goals in the social services is met, and the local role rests primarily in the choice of means, there is no reason for prior federal-state-local negotiation which might involve the waiver or reinterpretation of national goals or the application of federal pressure on the state to pursue certain means.

None of the above would preclude the likelihood of extensive federal-state consultation around the development of a state plan for the social services. But the focus would be the use of knowledge gained nationally as the basis for the most intelligent local choice of service objectives and means toward their achievement. The key is that this would be consultation, not negotiation--the state government would feel free to accept or reject any federal advice. What it could not reject would be nationally established goals as the basis for state-local planning for the social services.

If planning is not initially important in the federal-state special revenue sharing relationship, what then is its importance and utility? In the administration's other special revenue sharing proposals where planning is stipulated, it is intended to serve an audience within the state. The content of the plan, promulgated within the state, becomes the subject for negotiation between interested forces. A required state plan as part of social services revenue sharing would detail how the social services were going to be rendered. This plan would invite reaction and possibly struggle around the most appropriate local means for realizing national goals. But the action and struggle would take place as close as possible to the affected populations within the state, rather than being the subject of federal-state negotiation.

Planning has yet another major local function which will be dictated by the character and specificity of national goals. Nationally established goals may not always be able to meet the criteria of being measurable and yet specific enough to inform action. The criteria of goal selection requiring that goals be both "measurable and yet specific" will sometimes strain against each other. When they do, I would always be in favor of choosing goals which

are important (nationally appropriate) and measurable, and leaving to state and local planning the task of taking these goals to a different level of specificity, so that they are better able to serve as the basis for intervention. For example, the termination of poverty-related dependency could be an important and measurable national goal, but it requires further specificity before planning can use it as the basis for choosing action. State-local planning would need to take the goal of terminating poverty-related dependency and translate it into a sub-goal such as "equal educational opportunity for children from poor, dependent families" which might then suggest a Head Start type of intervention.

When state-local planning takes national social service goals and refines them to more locally usefully sub-goals, a serious dilemma is established for the pursuit of measurement. Given the above example, would the state measurement organization be interested in measuring the achievement of equal educational opportunity or the termination of poverty-related dependency? It might be interested in both, but there is no choice as to priority. If a national goal is "the termination of poverty-related dependency" then that goal is a basis for providing social service revenue sharing funds. And it is the relatively successful achievement of that goal which ought help determine to what degree a state would continue to receive special revenue sharing funds.

Once again, given this paper's ideas of special revenue sharing, the imperative for a program of evaluation based upon measuring the local achievement of national goals becomes central. Special revenue sharing without a serious program of evaluation becomes similar to a program of general revenue sharing constrained only by the likelihood of a post-action fiscal audit

seeking to determine whether the funds were spent on something which could be defined as social services. That is not necessarily bad, but it means the surrender of national policy objectives whose achievement is at the heart of the idea of special revenue sharing.

The reiteration that the focus of measurement under special revenue sharing must be how well national goals are achieved does not deal with the knowledge problems created by the specification of sub-goals at the state and local planning levels. Once state-local planning has taken a national goal, refined it to a sub-goal, and developed a program of intervention based upon the sub-goal, two important knowledge issues develop. The state needs to know whether the intervention is an efficient and effective way of achieving the sub-goal, and it needs to know whether sub-goal realization is connected to national goal realization. Without this knowledge, future state planning and action which is rationally aimed at national goal achievement is badly hampered. The federal government, and the "measurement organization" which it supports in each state, must be sensitive to these knowledge issues concerning sub-goals and the usefulness of particular interventions, but they cannot be deflected by them from a primary interest in measuring national goal achievement.

What is being proposed in this paper with regard to measurement is a relatively simple procedure which would provide indicators of how well different states are moving toward the achievement of national goals. It is not a procedure which would initially have much to say about the achievement of particular sub-goals. And it would not have much to say about any hoped for causal relationship between particular social service interventions and the achievement of particular sub-goals. In that sense, this proposed

program of measurement promises much less than other approaches to evaluation. It does promise to say, through the use of selected indicators, whether national goals are being achieved. But initially it will only infrequently be able to say which interventions appear to contribute to the current state of these indicators.

HEW's important 1969 publication, Toward a Social Report, defined a social indicator as "a statistic of direct normative interest which facilitates concise, comprehensive and balanced judgments about the condition of major aspects of a society. It is in all cases a direct measure of welfare and is subject to the interpretation that, if it changes in the 'right' direction, while other things remain equal, things have gotten better or people are 'better off.'"(18) The measurement effort proposed in this paper builds upon this concept of a social indicator. It proposes that we couch our national goals for the social services in such terms that their achievement can be determined through the use of a variety of social indicators. This focus on measuring goal achievement through the use of social indicators, without necessarily understanding those factors which contribute to goal achievement, seems peculiarly appropriate for special revenue sharing. Just as special revenue sharing would focus national attention on goals, while leaving means to other levels of government, the social indicators would also focus on ends. Here again, Moynihan has captured the appropriate national concern. He writes, "The test of a program, when this program is part of a policy, is not input, but output."(19) Under special revenue sharing it is the task of state-local planning to develop inputs appropriate to nationally expected outputs. It is the task of nationally sponsored measurement to translate these outputs into "statistics of direct normative interest" and by measuring these indicators to determine whether national policy is being achieved.

There are problems in the conceptual jump from outputs to indicators which can be best worked out after national legislation has selected the populations that ought to be the concern of social services revenue sharing. As an example of these problems, let us once again assume that those in poverty-related public dependency are considered a population at risk. Let us further assume that in order to structure intervention, a sub-goal is established of increasing the reading ability of children from poor families, and a Head Start program is selected as the appropriate intervention. The delivery of Head Start services is the input; increase in reading ability is the output; the number of those in poverty-related dependency is the social indicator. The priority for the measurement organization is to determine the state of social indicators for the population at risk (in this case, the numbers in poverty-related dependency). A second concern is the determination of whether the sub-goal, the output of increased ability to read, is being achieved, and whether changes in this output relate to changes in the social indicator. A third concern is whether the intervention (Head Start) causes a change in reading level, and a change in the state of the social indicator.

In some cases, depending upon the character of the population at risk, its designation will be sufficient to structure intervention without imposing a sub-goal. In that case, there is the possibility that the social indicator and the output measure might be one and the same. For example, if the population at risk were all those who are deaf (as indicated by a particular hearing level) this definition might be adequate to structure intervention and both the output and the indicator could be determined by measuring changes in the number of those whose hearing was above a particular level.

None of this is to argue that the change in measurement concern from output to indicator is an easy one. If social indicators are to be used as a basis for a sanctioning process, there will need to be broad agreement that these measures are in fact of "direct normative interest," and that they are related to the output sought at the state-local level of action. The task of measurement is not an easy one. The focus on indicators as a priority concern over that of measuring outputs and interventions can only be sustained if there is a continued effort to educate all of the necessary publics that the reduction of poverty/dependency (or other nationally selected risks) are the primary goals, and that raising the level of reading ability (or any other output) is a sub-goal. Of course, national policy can determine that those who read badly are themselves a population at risk, in which case "level of reading ability" would become a social indicator. And in the process, in this case, social indicator and output measures can become one and the same.

Despite the priority in the previous paragraphs for a measurement program addressed to indicators, and secondarily to outputs if they are not one and the same, the question of whether our interventions are effective will not go away. And the federal government cannot turn its back on the issue by arguing that in the nature of special revenue sharing, the state and local governments must be concerned with the success of interventions. Things are not all happenstance--certain interventions will be linked to certain outcomes. And these linkages are discoverable, but the effort is very different than the one required by the measurement of national goal achievement.

Freeman and Sheldon have written, "The development and refinement of social indicators neither will satisfy the needs nor serve as a substitute

for evaluation studies of an experimental nature."(20) Through federal support of a research and development function, this paper proposes extensive federal support for "evaluation studies of an experimental nature." All other existing special revenue sharing proposals stipulate a federal role in research and development. The federal government must have adequate funds to support the production of knowledge about the effectiveness of various social service interventions. And it must have the staff capacity to diffuse this knowledge to all of the states and localities that, under special revenue sharing, would be faced with entirely new pressures to select the most effective means for intervention.

The research and development task is no easy one, nor is it one with quick payoff. It is likely that in the social services we shall continue to "fly by the seat of our pants," because we will not know whether our interventions are productive of the goals we desire. But at least under special revenue sharing we will, early on, be able to establish social indicators of the goals our interventions are aimed at. And the federal government would have the option of invoking a variety of sanctions based upon the relative character of goal achievement in a particular state.

I have previously suggested that the measurement process and the use of sanctions are closely linked to each other. Ideally, states which achieve poorly, as evidenced by social indicators, would be subject to the kind of national attention which might result in the loss of program flexibility. Thus, despite the disclaimers in this paper, relatively poor achievement as reflected by social indicators would carry the implication that a state and its local governments had chosen poor social service interventions or had delivered them badly. We are once again into a delicate issue, because the



character of a social indicator would not necessarily reflect on a state's performance with regard to its social service interventions. The social indicator might well be reflecting the impact of actions determined outside the state, and have nothing to do with local social services. Or, local social services may even have ameliorated the impact of adverse national or natural occurrences.

It becomes clear that if social indicators of national social service goal achievement are to be used as a basis for sanctions, then the manner of establishing the indicators for each state must be made more comparable. Smith and Wertheimer of The Urban Institute have dealt with this issue of indicator comparability. They write. ". . . decentralization and decategorization will present many challenges and problems unlike any experienced in the past. Not the least of these challenges will be to develop techniques that will enable the federal government to discover, with a minimal amount of cost and intervention, which states' and areas' programs may be in trouble and in need of help. Simply comparing the output from each area's activities will result in grossly unfair comparisons since each area is in some sense different."(21) In their paper, Smith and Wertheimer develop and test techniques which would be of use to the Manpower Administration in making more meaningful comparisons of output indicators. The same techniques could be adapted for indicators of social service goal achievement.

The development of valid social indicators for nationally selected populations at risk are essential to this paper's conception of special revenue sharing. Unless there is knowledge about national goal achievement which can be used and accepted as the basis for a sanctioning process with states that are achieving relatively poorly, this paper's ideas with regard to

special revenue sharing cannot be sustained. And as previously suggested, without the capacity to measure policy achievement, and to develop sanctions based upon those measurements, special revenue sharing becomes similar to general revenue sharing. That is, the realization of national social service goals becomes a random occurrence rather than a calculated object of federal administration.

#### ANOMALIES AND PROBLEMS IN SOCIAL SERVICES REVENUE SHARING

The proposed model for federal-state-local relationships, in this paper, is radically different than that which currently prevails in the social services area. It is much less different from the initial proposals for special revenue sharing in other broad functional areas, except in one crucial regard--its concern for measurement of national goal achievement, and a sanctioning process based upon that measurement. The problem for those who consider application of the recommendations in this paper is that there is very little evidence that the federal government (at least with regard to the social services) can administer a serious measurement program, or that it can consistently use a powerful sanctioning process. One might even suggest that because of federal disabilities in this regard, federal influence with state-local grantees has tended to be exercised around process rather than results--before the fact, rather than after. It will be extremely difficult to change this pattern of relationship. Yet, even if this paper's core ideas of federal administration of a measurement program and a resultant sanctioning process should fail, we would be no worse off than we currently are with regard to the social services. The only thing that is more difficult to defend than what is proposed in this paper is the

rentention of the present nonsense of a priori specification, the continued emphasis on means rather than ends, and the mutual disrespect current procedures have bred between all levels of government.

Undoubtedly there could be great difficulties in using a sanctioning process which would suggest that a state and a local government are incompetent. The sanction process might be considered too powerful to use. But a few things can ameliorate this situation. Much needs to be made of the fact that relatively poor goal achievement in the social services may not necessarily reflect that social service intervention within the state is either competent or incompetent. Thus, the sanctioning process is no immediate signal that a state's social services are bad. It is only a signal that at risk populations with important spillover consequences are abnormally prevalent in the state, and therefore require additional federal help. The form of that help (including the possibility of additional funds) would be recommended by a working conference, including state officials. In effect, the consequences of the sanctioning process could be softened by the knowledge that it might bring additional resources rather than restrictions on administrative flexibility.

State and local governments would have equally difficult problems with a program oriented to goals rather than processes. In an increasingly national society, state and local governments are likely to be wary of being judged on the basis of their success in diminishing nationally established risk categories, when they don't control enough of the inputs affecting these risk populations. In effect, state and local governments may have really welcomed the federal emphasis on process and program categories, because the hazards in being judged by the achievement of goals are too great.

But the high price that state-local government has paid, in terms of enduring federal specification of decisions which should have been local, is now broadly recognized by all parties to the relationship. Nevertheless, it is unclear that state and local government would be prepared to live with the consequences of a goal-oriented social services program.

The removal of most federal influence over the character of state-local action in the social services can lead to a series of problems which have been alluded to in other parts of this paper. How can there be certainty that "important" services will be sustained? How can we be sure that the most vulnerable populations will be given priority? And if the most vulnerable people are given priority, can the services be prevented from deteriorating and becoming second class? These and similar questions are important. But each time special revenue sharing gives way and attempts to control the anticipated problem before the fact, it seriously compromises the idea of special revenue sharing. Certain chances in the social services must be taken if we are to move to an effective concern for diminishing the number of those at risk in our society. But on the positive side, some additional confidence that state and local governments are also concerned about these questions might have immense payoff. As President Nixon has noted, "Because little decisions tend to drive out bigger ones, the present funding arrangements give the federal government less opportunity to focus on the questions it can answer best." (22) The "little" decisions with regard to the character of the social services need to be given to the state, and federal worrying ought to move to how well we are realizing national goals.

The transformation of those things the federal government worries about, from means to end, would dictate a transformation of the functions and staffing

patterns of the federal administering agency. Within HEW it could mean the abandonment of a separate Office of Child Development, as well as extensive internal reorganization within the Social and Rehabilitation Service. It would undoubtedly involve active lobbying (in and outside of government) by those concerned with vocational rehabilitation and children's services who would want the federal government to continue to earmark support for these functions. And it would stimulate fear on the part of all those civil servants whose working lives are concerned with the federal specification of local practice.

Obviously the lobbyists for particular functions would need to transfer their attention to state and local governments. The consequences of that might be very rich. When we are so unsure about what works and we tend to do things because the intervention itself is deemed to be good, it seems useful to require that the means be validated at the state-local, rather than national, level. It may not be as easy to dismiss the fears of federal civil servants. Some of their skills will become redundant, but there is little likelihood that the overall need for federal personnel will decrease. There will be great new needs in the SRS for those competent with regard to knowledge production and diffusion (technical assistance), as well as those who know how to administer measurement programs. A concerned federal administration could set a superb example of how to deal with such a problem through the careful retraining and upgrading of its personnel to accomplish these new tasks.

While special revenue sharing could stimulate new demands and opportunities for the federal rendering of technical assistance to localities, this assistance would present problems because of the subsequent federal emphasis

on measurement and a sanctioning process. It could become difficult to impose sanctions when there was evidence that a state's social service program was greatly influenced by federal technical assistance. This is not unlike a current problem in federal administration where local acceptance of federal help erodes federal capacity to be "tough" on the grantee. In effect, the acceptance of federal technical assistance can become a device for coopting federal staff into the local effort. Actually these potential problems of erosion and cooptation might be softened under special revenue sharing. Aggressive state use of federal technical assistance in helping to design local intervention followed by poor achievement in diminishing national risk categories would suggest that a move to constrict program choice is not an appropriate sanction for that state. In such a situation, it might be fair to conclude that the best federally developed knowledge about social services intervention has not worked very well, and therefore the cause of poor goal achievement is more likely to rest in factors other than the local character of the social services.

One of the generic problems in proposing a radical change in the federal-state-local social services relationship is that the change itself will breed a series of new problems, sometimes equal in annoyance to those they have replaced. Some of these problems can be anticipated and dealt with, as this part of the paper is attempting to do. Others cannot be easily anticipated. The only reasonable recommendation is that federal administration allow for continuous feedback, as well as cooperative attempts at problem solving with state-local governments.

One consequence which can be anticipated as a result of a risk-oriented social services system is a pervasive focus on "skimming." That is, state

and local social service interventions will be aimed at producing statistics that indicate success in working with particular groups of those who are the object of nationally established risk categories. For example, as has occurred in the past, vocational rehabilitation efforts would be apt to skim (give priority to) those most amenable to rehabilitation efforts to make a good showing, if the goal is elimination of poverty-related dependency (or at a lower level, if the goal is employability). It is equally likely that in other efforts at intervention aimed at priority populations, the tactic would be to give first call on services to those who are most tractable--who are most likely to benefit from the intervention. Skimming generally has been thought of negatively, but in this case skimming is really desirable: presumably one of the hoped-for consequences of stating and measuring national goals is that they will influence the priorities for, and the character of, local intervention. For example, we might want priority in services given to those in poverty-related dependency. Thus we would want them to be skimmed. The challenge then is to develop risk categories, and indicators of their status, in such a way that the predictable skimming will itself reinforce service to populations whose risks are the target of national goals. But even then there will be consequences for those left behind which ought to be the subject of continuing federal concern and eventually of new goal specifications which might embrace these populations.

Two other problems are worthy of mention, although they are only marginally connected to the kinds of problems and anomalies which have been specified in this section. One is the likelihood that special revenue sharing, with maximum local flexibility in the choice of social service interventions, would nevertheless not produce very much change. It is likely to be

very difficult for states and local governments to use their new found flexibility to be experimental with regard to the social services. There will be many at the local level with an overwhelming stake in continuing things as they are, and this is likely to be the least costly path for a state to follow initially. Given that we know so little about what works, it would be ill-advised for the federal administration to encourage change in the local social services for its own sake. Change ought only to be encouraged (and required) as a basis for receiving shared revenue when there is evidence that national social service goals are not being satisfactorily achieved.

There is also the possibility that when and if extensive changes are made in the social services, the impact on some needy populations will be minimal. Over time we may come to find that the character of social services has very little to do with the state of certain populations at risk. One such likelihood is that the social services lack a relationship to the numbers of those in poverty who are fiscally dependent. The intent is not to argue the point in this paper, but to state that, in this kind of example, all of us would gain if the sometimes overblown rhetoric of the potency of social services were deflated. Then we might focus on those particular risks that the social services are found to be most "powerful" in affecting.

Another problem may result from the way the state will transfer social service resources to the local levels of government. If state planning in the social services is sophisticated and powerful, it is likely that local social services will be helped to be supportive of emerging metropolitan patterns of planning and decision making. But if state social service resources are almost automatically passed through to localities, without the context of a strong state plan and strong performance standards, it is



likely that local governments will be enabled to act without concern for the metropolitan implications of their actions. The consequence might be that certain local governments in metropolitan areas might deliberately depress the quality of their social services so as to encourage people in need of help to seek residence elsewhere.<sup>12</sup> Strong state or metropolitan planning can avert this possibility. Nevertheless, the likelihood of this consequence would need to be watched and dealt with.

Finally, of course, there is the problem of the capacity of state government to administer a program which conceives the state as a crucial instrument for the achievement of national goals. But all is not of a piece in state government. The last decade has witnessed attempts by many state governments to become more effective forces in dealing with those at risk. To these states, special revenue sharing in the social services would be a further test of their competence. In other less competent (or concerned) states, the flexibility inherent in special revenue sharing is of a kind with current general trends in federal administration. The difference, under this paper's conception of special revenue sharing, is that all states would now be held accountable for the way in which unacceptable levels of needy persons continue within their boundaries.

Undoubtedly some states and localities will make bad program decisions. None of this will be different from current practice. What can be different is a new delineation of state responsibility, and a new test of state capacity, with this capacity always subject to the basic test of how well national goals are achieved.

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12. For example, the failure of certain suburban communities to provide low-cost housing opportunities contributes to the concentration of poor people in the central city.

## Chapter V SUMMARY AND CONCLUSIONS

Mushkin and Cotton have written:

Part of the price of a federal system is inevitably some reduction in the efficiency (as seen from the national perspective) with which resources can be directed toward alleviation of the problems with highest national priority. In the light of the real cost of over-control and bureaucratic red tape, the national government must set its own priorities on what facets of resource allocation it wishes to control. There is no single pat solution to this. Rather, a variety of tools must be explored, to discover which combination of them will allow reasonable guidance by the federal government and at the same time permit state and local government initiative. (23)

Special revenue sharing as conceived of in this paper is the kind of tool which will allow almost unlimited state flexibility in the choice of social service interventions, while primarily confining the federal role to the specification and measurement of national objectives for the social services. Special revenue sharing is a particularly useful tool for the social services because of two key factors. First, there is widespread agreement that the problems dealt with by the social services peculiarly lend themselves to national policy specification. In a highly mobile population, the problems of those at risk become national almost by definition. Second, there is very little solid knowledge about the kinds of social service interventions which are instrumental toward elimination of at risk conditions. As a result, there is much to be gained in a system which encourages local experimentation with different ways of providing social services.

In addition to the twin characteristics of national policy establishment and maximum local flexibility with regard to means for policy achievement, the approach to special revenue sharing in this paper includes all of the major features common to the six initial special revenue sharing proposals. These are: (a) social service allocations to be available only to general purpose government at the state level; (b) local social service programs would have to adhere to civil rights and fair labor standards; (c) state government would have to be held harmless--that is the resources received under special revenue sharing shall be at least equal to those resources currently received under the legislative entitlements to be consolidated; (d) discretionary funds should be provided to the federal administrator for the purposes of research and development; (e) local matching funds shall not be required; (f) the state shall be required to prepare a social services plan, but this plan shall not be subject to federal approval; (g) funds shall be shared according to a formula which takes varying state needs into account; (h) states shall furnish reports to the federal administrator and an annual report from the administrator to the president and the Congress; (i) there shall be no requirement for federal approval prior to release of formula funds to the state.

A number of these features, which aim toward maximum local administrative flexibility, embrace precisely those changes in federal grant administration which have been pressed for by the local government lobbies.(24) (Undoubtedly the city and county lobbies also would have opted for some pass-through of social service funds to local government, but initially this seemed ill-advised in the social services.) What is not clear, is whether state and local government are willing to accept a quid pro quo--namely,

federal specification of goals and measurement of goal achievement in exchange for state-local administrative flexibility over the use of federal funds.

This paper strongly recommends to HEW that it occupy itself with the tasks of goal specification and measurement procedures as a major part of its concern in helping to develop social services revenue sharing legislation. These two items, poorly developed in the other revenue sharing proposals, are viewed in this paper as crucial to the special revenue sharing idea. As a beginning toward the task of goal specification, I have recommended that the social services determine at risk populations and develop important, specific, and measurable goals that can inform action and be enunciated in legislative proposals. Furthermore, legislation should establish federally supported measurement organizations in each state, able to develop indicators for the status of goal achievement with regard to nationally specified at risk populations. These indicators should be common to all states, and their character ought to become the basis for a sanctioning process in those states which, by comparison, have fared badly. The paper has suggested four options (or a combination of them) as a part of the sanctioning process for states with poor achievement records: (1) recategorization of programs; (2) additional resources to cope with peculiar local problems; (3) new federal or state legislation to deal with particular local problems inhibiting goal achievement; and (4) the recommendation of additional federal constraints on administrative flexibility.

Measurement and potential sanctions must be seen as inherent in the federal specification of goals. Otherwise the goals become pious statements, not likely to lead to calculated local attempts at achievement. In effect,

this paper argues that national goals are most likely to have a positive impact on local action when these goals are backed by measurement and a sanctioning process. Additional constraints are recommended. Some of these are intended to be a priori compromises of local administrative flexibility. Others, inherent in the measurement and sanctioning process, could at a later time become constraints as a result of a state's poor performance in the reduction of risk categories. In a sense, these constraints are departures from the core idea of special revenue sharing and need strong justification. However, it should be recognized that some constraints on local administrative flexibility are characteristic of all of the proposed special revenue sharing measures, particularly where important national goals are assumed to be at stake. In effect, the constraints are the "special" part of special revenue sharing.

A severe constraint on local decision making is proposed in the recommendation that state and local governments be required to maintain their current level of social service expenditures. Without this constraint there is some likelihood that major local resources currently committed to needy persons would be deflected to expenditures more popular with state and local electorates. Those who are at risk in our society, particularly the poor and near poor, are often assumed to be partially at fault for their vulnerable situation. Because of this, the tendency is to want to punish them, or at least not reward them through public expenditures. A maintenance of effort provision is seen as necessary to insure that the national interest in decreasing at risk populations continues to benefit from state and local support.

The maintenance of effort provision and the measurement-sanctioning process are the only two recommended constraints upon local administration, apart from those enumerated constraints which are characteristic of all of the other revenue sharing proposals. An additional provision which will necessarily influence the state-local relationship is the recommendation that the formula allocation be made to the state without any required pass-through to local governments. In effect, the state's flexibility is increased at the possible expense of local government. This could be subsequently modified if states prove to be inequitable in their internal resource distributions. Initially, the designation of the state as the sole recipient of social service funds is thought necessary. This is so because there is great current variance between states with regard to whether state or local government carries the major fiscal responsibility for support of the social services. Thus, to mandate a pass-through to local government could work great hardship on those states which themselves are major suppliers of social services.

The last feature of the recommendations which may be useful to include in this summary is the anticipated role of the federal administration in research and development activities. The measurement program, as described in this paper, is not primarily concerned with whether a particular intervention is related to the reduction of nationally established risk categories. Nevertheless, state and local governments will have a great need to know which social service interventions are most effective and efficient in achieving desired national goals. And federal interest in this regard will also be high because federal funds are paying for (although not dictating) these interventions. Hence, there is a major need for a federal concern

with knowledge production. Through the support of social services research and development, the federal administrator constantly ought to be concerned with evaluating interventions within experimental situations, and diffusing the knowledge gained to all state and local governments.

The sharp departures from current practice in these proposals for social service revenue sharing are not happenstance, nor are they "easy" responses to currently felt dissatisfactions in the federal-state-local relationship. The proposed changes are meant to say clearly and simply that where a problem is the subject of legitimate national concern and federal funding (as in the case of social service clientele), there need to be distinctly different roles for the federal and the state-local governments. The federal role ought to be the enunciation of broad policy, the measurement of its achievement, and the development of sanctions in response to failures of achievement. The state-local role ought to include the specification and carrying out of those interventions which are seen as appropriate to achieving national goals, with an absolute minimum of federal interference. Only when state and local achievement fall below satisfactory levels, as reflected by national indicators, should additional federal constraints on state and local action be considered.

The net result, if these proposals are adopted, must be the beginning of an important change in the way the Congress confronts state and local governments. The confrontation, in the social services and elsewhere, must take place around goals, not program categories. The way things are done is important, but until we are more certain that particular goals require particular means, the choices for how things are done must be left to the state and local governments. But the goals we are trying to achieve as a

nation are a matter for national policy, not fifty different versions of that policy. The genius of special revenue sharing is that it is built on these distinctions in a way that seems specifically useful to a federal system of government. In the social services, our need for national policy clarity, as well as for experimentation with regard to means, makes special revenue sharing a particularly attractive alternative to current patterns of federal-state-local relationships.



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